Sale of Shares of Gail

144. SHRIMATI KAMLA SINHA: Will the Minister of FINANCE be pleased to state:

(a) Whether Government are selling shares of Gas Authority of India Ltd. in the foreign market at a much lower price when its share price in the Indian Stock markets is much higher;

(b) if so, what are the details thereof;

(c) what are the reasons for selling GAIL's share in the foreign market at a lower and the extent to which the estimated mopping up of resources is likely to fall as a result thereof; and

(d) what is the likely overall impact on the shares of other Public Sector Undertakings at the time of disinvestment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) 135 million Government held shares in GAIL have been sold in the GDR market at a market driven price of Rs. 70 per share, which emerged from a bookbuilding exercise raising about Rs.945 crores with a further option to sell another 20 million shares under the "Green Shoe Option" before 4th December, 1999. The domestic price reflects very thin trading volume and is not a reliable indicator of price for such large offerings of shares.

(d) There will not be any impact of GAIL issue on the disinvestment in other Public Sector Undertakings.

Recommendations of the Disinvestment Commission on Banks

145. SHRI K. KALAVENKATA RAO: Will the Minister of FINANCE be pleased to state:

(a) the recommendations of the Disinvestment Commission on Banks;

(b) the reaction of Government thereto; and

(c) the measures taken for providing momentum to economic reforms?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The

Disinvestment Commission has not made any recommendation on banks.

(b) Does not arise.

(c) A number of reforms in the financial sector have been made. These include, in so far as banking sector is concerned, liberalisation of controls on interest rates, reduction of reserve requirements, fostering of competition, meausres for strengthening capital adequacy norms, provisioning norms, disclosure requirements etc. and guidelines on asset liability management, risk management system etc. The recent monetary and credit policy for the year 1999-2000 by the Reserve Bank of India (RBI) provides for adequate liquidity, stable interest rates, active debt management, orderly development of financial markets and furthering the financial sector reform process.

Recovery of Advances Made by Banks

146. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) Wheter the VRS policy is the only remedy for banks to cut cost of operations;

(b) whether non-recovery of huge advances made to big business houses is the main cause for high operating cost of nationalised banks; and

(c) if so, whether Government are considering to waive single line directive and publish the names of those business houses and take meausres to recover the advanced money soon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Since the number of employees in a bank directly affects operating costs, a voluntary retirement scheme in one option for reducing operating costs but it is not the only option.

(b) Non performing assets (NPAs) pertaining to the non-priority sector is only one of the factors affecting profitability of nationalised banks.